# Greg Tsuman warns landlords on early surrender agreements amid Renters’ Rights Bill changes



Greg Tsuman, former president of ARLA Propertymark, has highlighted emerging challenges in the private rental sector (PRS) linked to the anticipated introduction of the Renters’ Rights Bill. The legislation, which aims to enhance tenants’ rights, is already influencing behaviours within the rental market, even though it has not yet come into force.

Tsuman reports a notable increase in early surrender agreements. These agreements, where tenants can terminate fixed-term tenancies without fulfilling the entire contract period by mutually agreeing with landlords, have surged as many tenants mistakenly believe the new two-month notice rule is already law. Under current legal frameworks, tenants must honour fixed-term contracts unless there is an early surrender agreement or a break clause in place. The Renters’ Rights Bill proposes to abolish fixed-term contracts, allowing tenants to end tenancies by giving two months’ notice, while landlords would be required to provide justifiable reasons to regain their properties.

By way of explanation, Tsuman said, “By getting rid of fixed term tenancies, tenants will be able to leave by simply serving two months’ notice, whilst landlords will have to give a valid reason if they want their property back. Until the law changes, the only way to end a fixed-term agreement is through an early surrender agreement.”

He warned that this shift could have significant repercussions for landlords. With tenants gaining greater freedom to leave without penalty, landlords may face rising costs and increased financial risks. This, Tsuman cautions, could deter landlords from remaining in the private rental sector, potentially resulting in a reduction of available rental properties.

Tsuman urged landlords to exercise caution when consenting to early surrender agreements ahead of the bill's enactment. He suggested such agreements should only be granted under exceptional circumstances, like when a landlord plans to sell their property. Tsuman further advised that landlords thoroughly document these agreements and include terms covering tenant behaviour post-surrender to mitigate risks. He noted, “Once tenants are no longer contractually bound, some may feel emboldened to act unreasonably or even make threats. It’s a good reminder to document everything and, where possible, ensure mutual surrender terms include clauses about post-surrender conduct or settlement of disputes.”

Additionally, Tsuman highlighted the potential financial downsides for landlords in striking early surrender deals. The Tenant Fees Act restricts landlords’ ability to recover certain costs, meaning landlords who waive tenancy agreements without charging could face fines and difficulties in recouping losses. “A landlord putting forward an early surrender agreement even if this is financially better for the tenant than holding them to the existing contract, could land them with a significant fine and an inability to recover their costs, and that is the unintended consequence of the Tenant Fees Act,” he said.

The Property Industry Eye is reporting that the Renters’ Rights Bill, intended to afford tenants more flexibility and protection, is already reshaping landlord-tenant relations in the private rental market. The evolving legislative landscape is prompting landlords to reconsider how they manage tenancies and early terminations in preparation for the imminent legal changes.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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